

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

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FOLLOWING REPEAT MEXICO 2069 ACTION US CUSTOMS SVC HQ FIB/INV
WASHDC INFO SECSTATE 18 FEBRUARY 76.

QUOTE

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E.O. 11652: N/A

TAGS: OGEN/MX

SUBJ: INQUIRIES IN BRASIL BY US CUSTOMS OFFICERS

REF: (A) MEXICO 1887; (B) MEXICO 873, (C) MEXICO 609;
(D) MEXICO 183, (E) MEXICO 402; (F) BRASILIA 1313,
(G) BRASILIA 932; (I) BRASILIA 558; (J) BRASILIA 418;
(K) BRASILIA 32 , (L) BRASILIA 236, (M) STATE 2846,

1. AS REQUESTED BY US CUSTOMS HQ., THIS DATE, FOLLOWING INFORMATION
IS SENT FOR PROPOSED BRIEFING OF SECRETARY SIMON ON ATTEMPTS TO
CONDUCT CUSTOMS INQUIRIES IN BRASIL.

2. LETTERS WERE SENT BY CA, MEXICO DURING PERIOD 11/4-11/14/75 TO
VARIOUS MANUFACTURER'S IN BRASIL REQUESTING APPOINTMENTS AND THEIR
COOPERATION RE INQUIRIES RELATED TO VALUES ON THEIR PRODUCTS ALREADY
IMPORTED INTO US. COPIES OF ABOVE WERE SENT TO COMMERICAL ATTACHE,
BRASILIA EARLY DECEMBER. MANUFACTURERS ARE: BAHIA COCOA TRADE
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COMMISSION, BAHIA RE EXPORT VALUES FOR COCOA BUTTER; INDUSTRIA DE

LAMINADO DE MADEIRAS SELEPAULO, SAO PAULO, RE LEATHER HANDBAGS; MALHARI LUT-ENRI, SAO PAULO, RE WEARING APPAREL; ESCRIPTORIO SUPPLY, SAO PAULO, RE UNDERWEAR. ALL ABOVE ARE MARKET VALUE CASES. MARUBENI BRASIL, PORTO ALEGRE, RE LEATHER FOOTWEAR, SUSPECTED FRAUD CASE. ALSO FOUR OTHER INQUIRIES PROPOSED BUT MANUFACTURERS WERE NOT WRITTEN.

3. 1/8/76 CABLE SENT FROM CA, MEXICO TO AMEMBASSY BRASILIA REQUESTING IN-COUNTRY CLEARANCE (REF D). 1/9/76 CABLE FROM BRASILIA REQUESTING MORE SPECIFIC INFORMATION RE IN-COUNTRY CLEARANCE (REF L). CABLE 1/13/76 FROM CA, MEXICO TO AMEMBASSY BRASILIA WITH FURTHER INFORMATION (REF E). CABLE 1/14/76 FROM BRASILIA REQUESTING DETAILS ON EACH PROPOSED INQUIRY (REF K). CABLE 1/16/76 FROM CA, MEXICO TO AMEMBASSY BRASILIA WITH REQUESTED DETAILS ON EACH PROPOSED INQUIRY (REF C). CABLE 1/16/76 FROM BRASILIA GRANTING IN-COUNTRY CLEARANCE (REF J).

4. 1/20/76 CR WRIGHT ARRIVED SAO PAULO FROM CA'S OFFICE MEXICO. MET WITH ADMINISTRATIVE OFFICER DAWSON, CONSULATE SAO PAULO. NO OTHER CONTACT MADE. WRIGHT ARRIVED BRASILIA 1/20/76 DURING PM. ON 1/21/76 WRIGHT MET WITH OFFICIALS OF THE AMEMBASSY BRASILIA INCLUDING COMMERCIAL ATTACHE BRIAN BRAMSON, ECONOFF CLAUS RUSER AND DCM RE JOHNSON.

AFTER EXPLAINING THE TYPES OF INQUIRIES TO BE PERFORMED THEY AGREED COMPLETELY WITH THE ATTITUDE OF US CUSTOMS THAT INQUIRIES SHOULD BE PERFORMED AND CR'S HAD THAT AUTHORITY AND RIGHT. ALL EMBASSY OFFICERS WERE EXTREMELY COOPERATIVE AND AT THE ADVICE OF AMB CRIMMINS, THE ECON/COMMERCIAL OFFICERS ACTIVELY ASSISTED CR WRIGHT IN ALL HIS EFFORTS. THEY DID HOWEVER, CAUTION HIM THAT THE BRASILIAN FORMIN HAD TAKEN AN EXTREMELY SENSITIVE STAND IN ALL AREAS RELATING TO COUNTERVAILING DUTY AND ANTIDUMPING MATTERS AND OTHER AREAS RELATING TO THE GOB SYSTEM OF SUBSIDIES AND REBATES. THIS STAND PROBABLY IS PARTIALLY ATTRIBUTED TO RECENT COUNTERVAILING DUTY FINDS ON LEATHER PRODUCTS.

5. ACCOMPANIED BY MESSRS. RUSER AND BRAMSON, CR WRIGHT MET WITH MR. SERGIO ROUANET, ASSISTANT SECRETARY FOR TRADE, FORMIN, GOB, ON 1/21/76. MR. ROUANET, FROM THE OUTSET, ASSUMED A NEGATIVE STANCE IN REGARD TO THE PROPOSED INQUIRY. HE INITIALLY STATED THAT THIS MATTER WOULD REQUIRE DISCUSSIONS BY VARIOUS MINISTRIES OF THE GOB AND THAT POSSIBLY WITHIN 2 MONTHS THEIR ANSWER WOULD BE FORTHCOMING. HE WENT LIMITED OFFICIAL USE

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ON TO SAY THAT IN HIS OPINION THE PROBLEM WAS NOT A DIPLOMATIC ONE BUT A TECHNICAL ONE INVOLVING PROCEDURES AND MODALITIES AS TO HOW THE INQUIRIES COULD BE BEST CONDUCTED. HE ASKED THAT THE REQUEST BE PUT IN WRITING CONTAINING SPECIFICS AS TO HOW CR WRIGHT PLANNED TO CONDUCT THE INQUIRIES, WHAT HE HOPED TO GAIN AND DETAILS OF THE INDIVIDUAL CASES. HE ALSO REITERATED THE FACT THAT GOB WAS VERY UPSET OVER THE RECENT COUNTERVAILING DUTY FINDINGS INVOLVING LEATHER FOOTWEAR. IT WAS POINTED OUT TO MR. ROUANET, THAT ONE OF THE INSTANT

CASES INVOLVED EITHER COUNTERVAILING DUTY OR ANTIDUMPING MATTERS. THESE CASES CONSISTED OF FIVE MARKET VALUE; TWO SUSPECTED FRAUD; ONE COOPERATIVE (22); AND ONE INVOLVING CURRENCY VIOLATION.

6. ON 1/23/76, THE REQUESTED INFORMATION WAS PREPARED IN THE FORM OF AN AIDE MEMOIRE, AND A COPY WAS PRESENTED TO MR. JOAO ALMINO, COUNSELOR, TRADE POLICY DIVISION, SECRETARIAT OF FOREIGN RELATIONS BY MR. BRAMSON AND CUSOFFS MARCO A. PADILLA AND GARY L. WRIGHT. MR ALMINO, WHO IS AN ADVISOR TO MR. ROUANET, DISCUSSED THE CONTENTS OF THE DOCUMENT AND HE WAS ASSURED THAT THESE INQUIRIES WERE IN NO WAY RELATED TO COUNTERVAILING DUTIES OR ANTIDUMPING MATTERS.

7. MR. BRAMSON ALSO ARRANGED A MEETING WITH BRASILIAN TREASURY DEPARTMENT OFFICIALS AND ON SAME DATE, HE, & MESSRS. PADILLA AND WRIGHT MET WITH MR. JOSE MARIO BIMBATO, ADVISOR TO DR. FRANCISCO OSWALDO NEVES DORNELLES, GENERAL COUNSEL FOR TRADE AND FINANCIAL MATTERS, BRASILIAN TREASURY DEPARTMENT. MR. DORNELLES IS THE OFFICIAL WHO HAS THE AUTHORITY TO APPROVE OR DISAPPROVE THE REQUEST. A COPY OF THE AIDE MEMOIRE WAS PRESENTED TO MR. BIMBATO AND IT WAS DISCUSSED IN DETAIL. MR BIMBATO WAS ASSURED THAT THE INQUIRIES WERE NOT RELATED TO COUNTERVAILING AND ANTIDUMPING MATTERS.

8. IT WAS MADE CLEAR THAT US CUSTOMS WAS PREPARED TO FOREGO INQUIRIES OF SENSITIVE ITEMS (LEATHER FOOTWEAR AND HANDBAGS) AND THAT GOB OFFICIALS AND/OR AMEMBASSY OFFICIALS WERE WELCOME TO ACCOMPANY THEM DURING ALL PHASES OF THE INQUIRIES. MR. PADILLA POINTED OUT THAT IN 1974 HE HAD CONDUCTED AN INQUIRY INVOLVING BRASILIAN EXPORTS OF SEATS FOR RAPID TRANSIT VEHICLES AND THAT THAT CASE WAS TERMINATED WITH NO FINDINGS OF DUMPING. THEY WERE ALSO ADVISED THAT UNDER US CUSTOMS LAWS, IF THE DUTIABLE VALUES COULD NOT BE DETERMINED THROUGH LIMITED OFFICIAL USE

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THE IMPORTER OR MANUFACTURER, THEN ANY OTHER APPROPRIATE MEANS OF ESTABLISHING THESE VALUES WOULD BE UTILIZED, WHICH QUITE POSSIBLY COULD BE HIGHER THAN THE ACTUAL VALUES.

9. MESSRS. BIMATO AND ROUANET WANTED ASSURANCES THAT THESE PRESENT INQUIRIES HAD NO CONNECTION WITH COUNTERVAILING DUTY OR ANTIDUMPING MATTERS. MESSRS. WRIGHT AND PADILLA ASSURED THEM, BOTH ORALLY AND IN AIDE MEMOIRE. THEIR REACTION TO OUR ASSURANCES WERE TWO-FOLD. FIRST, THEY STATED THAT THEY THOUGHT IT QUITE A COINCIDENCE THAT US CUSTOMS' PAST COUNTERVAILING DUTY CASES HAD INVOLVED LEATHER PRODUCTS AND JUST BY CHANCE THREE OF THE PRESENT INQUIRIES INVOLVED THE SAME MERCHANDISE. MR. ROUANET EXPRESSED HIS OPINION BY SAYING THAT IT WAS A MATTER OF UNFORTUNATE TIMING. IN OTHER WORDS, THEY DID NOT SEEM TO BELIEVE THE ASSURANCES GIVEN THEM BY US CUSTOMS OR EMBOFFS. THEIR SECOND REACTION WAS THAT REGARDLESS OF THE REASON

FOR COLLECTING DATA AT THE PRESENT TIME, IF THE NEED ARISES IN THE FUTURE, THAT DATA WOULD BE AVAILABLE FOR USE IN CONSIDERING COUNTER-VAILING DUTY AND DUMPING CASES.

10. IT SHOULD BE NOTED THAT THE GOB IS EXTREMELY CONCERNED ABOUT EXPORTS TO THE US AS A LARGE MAJORITY OF ALL FINISHED GOODS EXPORTED TO THE US ARE HEAVILY SUBSIDIZED BY THE GOVERNMENT.

11. THESE GOB OFFICIALS TOOK THE REQUEST UNDER CONSIDERATION AND AS THE CR'S PLANNED TO FINISH THE INQUIRIES BEFORE RETURNING TO MEXICO CITY, A REPLY WAS REQUESTED BY 2/3/76.

12. ON 2/3/76, MR. RUSER INFORMED CR'S THAT MR. ROUANET HAD FORMALLY REPLIED TO THE AIDE MEMOIRE STATING THAT THE PROPOSED INQUIRIES COULD NOT BE PERFORMED AT THE PRESENT TIME, WITHIN THE PROPOSED MODALITIES, BUT THAT THE BRASILIAN FORMIN WAS EXPLORING ALTERNATIVE METHODS OF ASSISTANCE IN THIS MATTER. MR. RUSER ASSURED CR'S PADILLA AND QRIGHT THAT HE WOULD CONTINUE TO PUSH FOR A TIMELY AND FEASIBLE SOLUTION TO THE SITUATION.

13. CR WRIGHT DEPARTED BRASIL ON 2/4/76 FOR MEXICO AND CR PADILLA DEPARTED FOR COLOMBIA ON 2/5/76, WITHOUT CONDUCTING ANY FIELD INQUIRIES OR OFFICIAL CONTACTS EXCEPT AS STATED.

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